

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:928

ANSWERED ON:17.08.2007

ADDITIONAL LOAN TO SUGAR BOLLS FOR BUFFER STOCK

Murmu Shri Hemlal

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has recently given directions to the banks to provide additional loan of Rs.420 crore on easy terms to the sugar mills for making buffer stock of 20 lakh tonnes of sugar;

(b) if so, the details thereof; and

(c) the details of the primary and additional loan provided by the banks to these sugar industries?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : The Government has created a buffer stock of 20 lakh tons of sugar for a period of one year with effect from May 01, 2007 involving a buffer subsidy of Rs. 378 crore out of Sugar Development Fund. On creation of buffer stock, banks provide additional credit to sugar mills as no margin money is kept in respect of buffer stock. Accordingly, Reserve Bank of India, vide its circular No. DBOD.BP.BC.No.20/ 08.07.06/2007-08 dated 11th July, 2007, has instructed all scheduled commercial banks for the release of margin money as additional credit to the concerned sugar mills, which is estimated to be Rs. 420 crore.